CORE

The Voice of Mineral Exploration/Fall 2015

CANADA'S POLITICAL PARTIES SHARE THEIR VISION FOR OUR INDUSTRY

MINERAL FINANCING: A MID-YEAR REVIEW

DUTY TO CONSULT: A CONTINUING CONUNDRUM

S-IMEW 2015: An inside look

PDAC
PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA

Eureka!

CORE
The Voice of Mineral Exploration
Fall 2015

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ON THE COVER: University of Waterloo student Robin Taves examines a rock specimen during the OGS Government Mapping Day at S-IMEW 2015.

INDUSTRYNEWS

Mining industry proposes *Levelling the Playing Field* in Canada's North

In May, the Prospectors & Developers Association of Canada (PDAC), Mining Association of Canada (MAC), Association of Consulting Engineering Companies—Canada, NWT & Nunavut Chamber of Mines, and the Yukon Chamber of Mines released *Levelling the Playing Field*, a joint study on the cost of doing business in Canada's North.

The study's main findings were two-fold. Firstly, the costs of mineral exploration and building and operating mines are significantly higher in remote and northern regions of Canada. Secondly, this cost premium is directly linked to the lack of infrastructure in these areas. Unlike many of their southern counterparts, companies operating in these remote areas need to invest in costly—but essential—infrastructure like ports, power plants, winter and permanent roads, and accommodation facilities. In many cases, there are also sparse populations or no people for hundreds of kilometres from the project or mine.

Capital costs were higher for a range of commodities:

- 2.5 times higher for base metal mines
- Approximately double for gold mines
- 15-20% higher for diamond mines in the territories

MiHR: 106,000 WORKERS NEEDED IN THE NEXT 10 YEARS

The Mining Industry Human Resources Council (MiHR) released its 2015 mining labour market report. According to MiHR, the industry will be short more than 106,000 workers in 10 years unless the situation is turned around. The annual 10-year outlook highlighted a number of factors contributing to the industry's ongoing labour market challenges, which include:

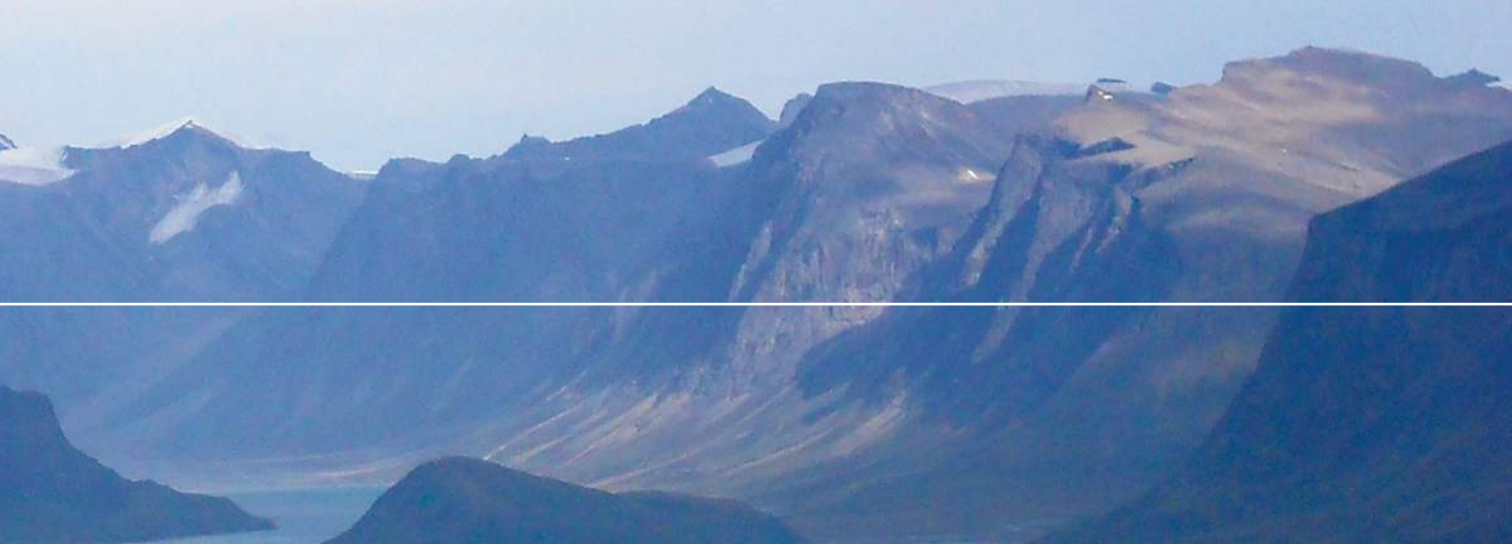
- **Job vacancies mismatched with the skills of people who are seeking work**
- **Low levels of labour market participation among groups of potential workers**
- **Complex patterns of educational attainment, skills requirements and unemployment**
- **A reliance on commuting workers**
- **Lack of mobility among workers in some occupational groups**
- **Older workers retiring**
- **Gaps between the need to hire workers and new entrants to the pool of skilled workers.**

CANADA'S NEW TRANSPARENCY ACT

BILL C-43

The Government of Canada's Transparency Act officially came into force June 1, 2015. The PDAC, along with MAC, Publish What You Pay-Canada and the Natural Resources Governance Institute (formerly the Revenue Watch Institute), actively promoted the need for Canada to adopt such a standard since late 2012 when they formed the Resource Revenue Transparency Working Group (RRTWG). In January 2014, the RRTWG released its final recommendations that were intended to provide Canada's federal and provincial governments with a blueprint for a payment reporting framework.

The Act was originally tabled on October 23 as part of omnibus legislation, Bill C-43, to establish mandatory reporting requirements for payments made to governments by the Canadian extractive sector, including oil, gas and mining companies. Under the new law, Canadian companies will be required to report taxes, royalties and other payments they make to governments annually.



PDAC partners with the Funding Portal

PDAC partnered with the Funding Portal to improve access to Canada's **multi-billion dollar** incentives market in June. The search tool helps PDAC members find government funding or accredited investors to support R&D, staffing, export, academic collaboration, and other growth objectives. The new service allows users to instantly search through more than **7,000** business support programs in both Canada and the United States and assists members in navigating the country's **$27 billion** annual incentives business market. The Funding Portal can be accessed through PDAC's website.

EXPLORATION AND MINING INDUSTRY CALLS FOR GOVERNMENT COLLABORATION ON KEY CHALLENGES

During Canada's 72nd annual Energy and Mines Ministers Conference in Halifax in July, Canada's exploration and mining industry asked governments to focus on several challenges currently facing the sector during this prolonged period of economic downturn and uncertainty.

Government officials received a brief submitted by the Canadian Mineral Industry Federation (CMIF), prepared by the Prospectors & Developers Association of Canada and the Mining Association of Canada, outlining three policy priorities that will help the industry overcome current challenges and capitalize on the opportunities before it:

1. **Address challenges in the transition to Canada's new regulatory regime and clarify the duty to consult**
2. **Address the higher costs of operating in remote and northern Canada**
3. **Help juniors to secure access to capital**

UNCOVER Roadmap outlines Australia's future mineral wealth

Ian Macfarlane, Federal Minister for Industry and Science, and Bill Marmion, Western Australian Minister for Mines and Petroleum, unveiled an industry-sponsored roadmap, UNCOVER, in late July. The initiative aimed to identify the industry's long-term R&D and new pre-competitive geoscience data to help the country find and recover mineral deposits. The roadmap outlined 16 high priority activities to boost the exploration and mining industry and improve Australia's greenfields over the next decade.

HARPER PLEDGES TO ENHANCE METC

While on the campaign trail in North Bay, Ontario in late August, Prime Minister Stephen Harper promises to expand the Mineral Exploration Tax Credit (METC) for three years if re-elected and introduce a new 25% METC for northern and remote projects more than 50 km from an all-weather road or service centre.

The Party Line on Mineral Exploration in Canada

Q&A

With the upcoming federal election slated to take place in October, Canada's four major political parties share their vision for the mineral exploration and development sector.

1) If your party forms the next government, how would you define your approach to resource management, specifically the management and development of exploration and mining policy?

CPC Our **Conservative** government's responsible resource development plan creates jobs and economic growth while protecting the environment. We have a proven record of reducing the tax burden and costs for the mining sector in every budget since forming government, and we will continue to do so when re-elected on October 19th.

NDP Tom Mulcair and Canada's **New Democrats** are ready to work together with Canada's mining sector to ensure that mining and mineral processing continue to be a vital component of a prosperous Canada for generations to come. I can assure you that an NDP government would see a thriving mining sector as a key ingredient in a modern, diverse economy.

Our approach to resource management is based on collaboration—with the mining sector, provinces, communities and of course Canada's First Nations, Inuit and Metis. We would be a government focused on improving predictability and good governance to ensure that investments are made in northern infrastructure and skills, while ensuring that we remain globally competitive.

In fact, we have already laid out some concrete, practical proposals to strengthen and diversify our economy. Tom Mulcair announced that an NDP government will cut the small business tax rate from 11% to 9%. With this simple measure, our Party sent a strong signal that we're committed to supporting small businesses and contractors—contractors that are the backbone of mining communities. We even forced the Conservatives to adopt the same policy, except they expect businesses to wait years before they can benefit.

An NDP Government will also introduce an Innovation Tax Credit to encourage investments in machinery, equipment and property used to boost research and development of new products and services. We're going to make sure that the next generation of Canadian miners are the best in the world. Our party understands that education and skills development are key to supporting a profitable industry and creating jobs. The NDP is eager to discuss the issues that are important to the mining sector this election and we will continue to make announcements in the months ahead.

LP The **Liberal Party** sees the mining industry as a vital creator of jobs and wealth in rural, remote and urban Canada, and a sector in which great opportunities exist for Aboriginal peoples. It provides thousands of high-quality jobs for skilled Canadians. The industry needs access to capital and a federal government that has credibility as a regulator.

GP The **Green Party** wants a Canada that is prosperous. Greens work for clear, scientific, nation-wide standards, protecting the public interest while reducing delays and compliance costs. Greens will work with the provinces and the mining industry to improve the regulatory framework and streamline the financial system. Greens would invest in effective monitoring technology and involve the public in monitoring. Greens commit to working with the provinces to develop a

"The mining industry is a significant component of the Canadian economy, especially in rural areas where it is an important source of jobs."

— GREEN PARTY OF CANADA

national mining research system and a national value-added strategy. Greens commit to a mining diversification strategy that includes building Canada's mining supply and service industry as a high-tech export sector. We support the international expansion of the Canadian mining industry while working to improve the ethical and environmental performance of Canadian firms.

Mining is necessary, and while some mining can be destructive, greener mining is always possible. The mining industry is a significant component of the Canadian economy, especially in rural areas where it is an important source of jobs. The Green Party supports mining where it does no lasting harm to the environment and takes place with the necessary social license, including the free, prior and informed consent and participation of local Aboriginal and non-Aboriginal communities.

To minimize the local impact of mining, the Green Party would require that mining projects include detailed plans and effective measures to deal with potential problems like acid mine drainage before active mining begins. We are committed to effective monitoring of the impacts of mining on groundwater, agricultural lands, and air quality.

2) Canada has attracted the largest share of global exploration expenditures since 2002, but its share of global spending decreased from 16% in 2012 to 13% in 2013, only $25 million ahead of Australia. What specific measures can we anticipate in your party's platform that will support capital-raising in the mineral exploration sector? For example, will your party provide a long-term commitment to the Mineral Exploration Tax Credit, or other fiscal policy levers to help improve conditions for the junior mining sector?

GP Our "Vision Green" supports a review of flow-through shares, especially their benefits in some unlikely places, e.g., where it is very unlikely that mineralization is present. We are always open to meeting with PDAC and other mining and exploration interests to review proposed changes to flow-through shares and other issues.

Responsible mineral exploration is key to the sustainability of the mining sector. Mineral exploration is a necessary part of the process as viable mineral deposits are difficult to find. Mineral exploration is an important economic activity, especially in hinterland regions. In many such locations, First Nations communities are the nearest source of workers, who sometimes have few if any other options for employment. Training and employment of First Nations people for mineral exploration activities contributes to a multiple bottom line approach.

In addition to fiscal policy levers, junior mining companies need clear signals from federal regulators—not rubber stamps for projects that are subsequently bogged down by years of litigation and local opposition. A clear regulatory framework developed with the provinces would give the predictability necessary for resource developers to operate constructively, strengthen communities and attract long-term investment—all while protecting our environment. Investor confidence is a prerequisite to investment and development.

The Green Party is open to discussing other possible fiscal levers in support of mineral exploration and development. The Green Party is committed to full cost accounting and will be working to ensure return on investments by government.

CPC Our government has consistently introduced policies that assist job creation

Q&A

and economic growth in the mining sector. Most recently, our balanced budget extended the Mineral Exploration Tax Credit and expanded the definition of Canadian Exploration Expenses to include environmental studies and community consultations. The mining sector can expect that a re-elected Conservative government will introduce new measures to promote the creation of jobs and economic growth in this vital sector of our economy.

NDP The NDP has long been supportive of the Mineral Exploration Tax Credit to ensure Canada remains the world's leading destination for mining investment. Unfortunately, year after year, junior mining companies are forced to wait until the very last minute to see that commitment renewed. Delaying the announcement of the exploration tax credit every year—and this year's budget was unacceptably late by any measure—means that junior mining companies haven't had the certainty they need for long-term exploration.

For us, that's simply unacceptable. Managing risk and uncertainty is a number one requirement of any business. We understand the importance of providing predictability to facilitate continued investment in Canada. We believe that the federal government has a fundamental role to play in creating the right environment for investment and growth—across all sectors. The Conservatives, quite frankly, aren't doing their job and we intend to be a more reliable federal partner.

We are certainly considering policy options to improve conditions specifically for the junior mining sector, and we look forward to discussing all mining issues throughout the upcoming campaign. Canadians will be expecting parties to lay down their vision for achieving sustainable mining development in Canada, and we in the NDP fully expect to lead that conversation.

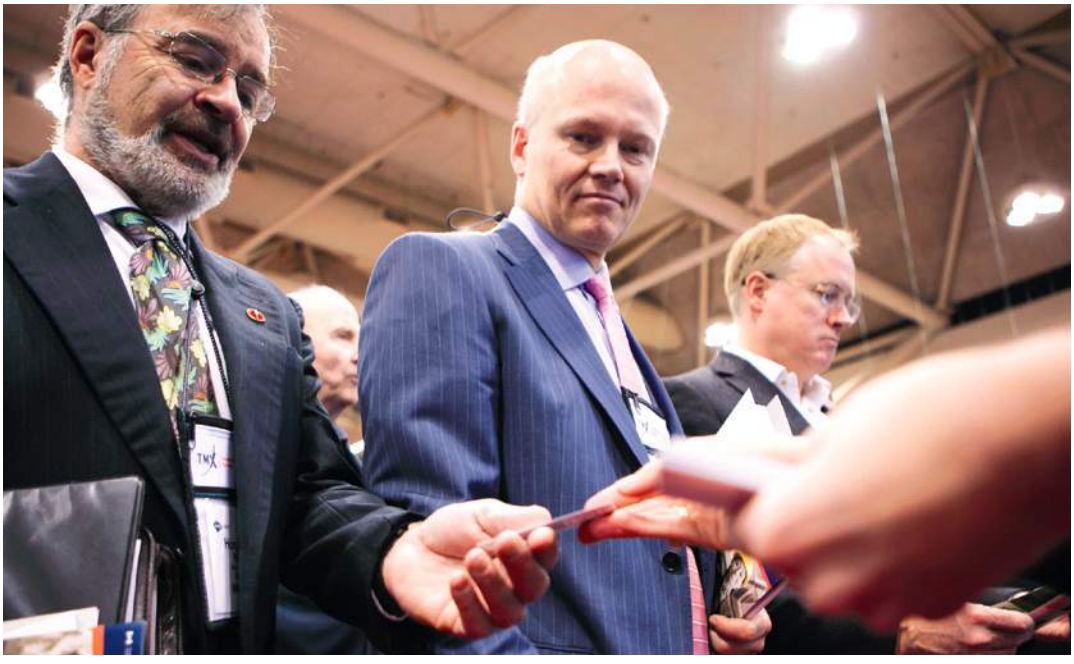
LP Government has to be aware of all the elements that affect the mining sector and it needs to efficiently manage its own activity, oversee the domestic economy, and provide a fiscal environment where industries like mining can thrive. In order to create successful conditions for development, government must ensure we have fair and efficient regulatory processes, a strong commitment to trade, a reliable pool of skilled workers, and perhaps most importantly a real commitment to investing in critical infrastructure.

We've supported past measures, like flow-through shares, that have helped companies succeed during lean times, and understand the need for greater certainty given the fact that projects span many years. Effective regulation, broader trade, a better-trained workforce and smart investments in infrastructure are just a few of the concerns the Liberal Party shares with the mining sector. The federal government needs to take into account the unique infrastructure needs of some sectors and recognize it is tough for Canadian businesses to compete for new mining investment when we are up against much smaller countries with shorter supply chains.

"We understand the importance of providing predictability to facilitate continued investment in Canada."

— CLAUDE GRAVELLE NDP

Q&A



"Aboriginal Canadians have a legal—and constitutionally protected—right to be consulted on major projects that impact their communities."

— HON. GEOFF REGAN LIBERAL

3) PDAC is a strong advocate for mutually-beneficial partnerships between Aboriginal communities and the mineral industry, as well as participation by Aboriginal people in the sector. What role would your government play in facilitating economic opportunities for Aboriginal people in the minerals sector and what actions would be taken to address some of the challenges related to the duty to consult?

LP As key partners in resource development, Aboriginal Canadians have a legal—and constitutionally protected—right to be consulted on major projects that impact their communities. The Liberal Party supports the sustainable development of our natural resources, but that development cannot ignore Aboriginal rights, nor can they place their lands, waterways and ecosystems at risk. The duty to consult, with respect to decisions that could infringe on Aboriginal and treaty rights, requires that the concerns of Aboriginal peoples are actually taken into account. The recent Eyford report recommended meaningful and regular engagement as First Nations communities see the development of resource projects as part of a broader agenda of reconciliation.

GP The Green Party recognizes that the mining sector has the highest rate of Aboriginal employment of any sector and applauds the industry for making these strides. Needless to say, there is more work to do.

The Green Party will work with all levels of government to ensure that Aboriginal and non-Aboriginal communities share in the planning, decision-making and benefits associated with mining projects in their traditional areas.

We will be guided by the spirit of the Supreme Court's Tsilhqot'in decision. As BC Green leader Adam Olsen, a member of the Tsartlip First Nation, said: "The problem in many of the relationships between governments or corporations and First Nations is that First Nations are not treated as equal partners in a project. This ruling goes a long way to ensure that First Nations are respected as equal partners going forward."

Social license is necessary to get shovels in the ground. Delays and project cancellations are costly and especially prohibitive for junior miners who don't have the resources for a lengthy battle with communities and regulatory agencies. Strict standards for environment, safety, and consultation, need to be clear from the start.

The Green Party believes that Impact and Benefits Agreements are important to ensure that the parties have shared expectations.

Workforce development is a key component in success. The federal government has a role to play in training and

business development for Aboriginal people, communities and entrepreneurs.

CPC First Nations have and will continue to make important contributions in the development of Canada's natural resources. We are proud of the fact that the natural resources sector is the largest private employer of First Nations people in Canada. A re-elected Conservative government will continue to promote the full participation of First Nations in the economic benefits of Responsible Resource Development.

NDP The Harper government—like the Liberals before them—have failed to live up to their legal and international obligations to First Nations. That's hurting the bottom line for many mining companies. It's resulting in costly delays and lengthy court challenges.

Canada's New Democratic Government will build a true nation-to-nation relationship with Canada's First Nations, Inuit and Metis. We'll ensure—right at the cabinet level—that everything we do respects treaty rights, inherent rights and our international obligations. We'll make consultation and partnership a priority, and Tom Mulcair has been clear that he intends to help smooth the waters for the kinds of vital mining projects that create opportunity and prosperity for our mining communities, companies and for all Canadians. The mining sector understands that a firm commitment to sustainability will ensure that future generations benefit from continued development of Canada's mining sector. We need a government in Ottawa that upholds these same principles.

Unfortunately in Ottawa we face a Conservative government that puts mining on the back burner and has abolished the multi-stakeholder advisory committee that provided a constructive forum for industry, First Nations and environmental groups to come together for consensus. This is a government that's dragging its feet on projects like the once-in-a-generation opportunity in the Ring of Fire to transform the industry and entire communities in Northern Ontario. Unlocking the vast potential of the Ring of Fire will require a nation-to-nation approach with First Nations and real engagement from the federal government. The NDP will be that government so that northern communities are not forced to pay the price for the government's lack of leadership and inaction. **c**

The Bloc Québécois did not respond to our request for comments.

Comments provided by:

Conservative Party of Canada
Hon. Greg Rickford, Conservative candidate and current Member of Parliament for Kenora, Minister of Natural Resources and Minister of the Federal Economic Development Initiative for Northern Ontario

New Democratic Party
Claude Gravelle, NDP candidate and current Member of Parliament for Nickel Belt, Official Opposition critic for Mining

Liberal Party of Canada
Hon. Geoff Regan, Liberal candidate and current Member of Parliament for Halifax West, Liberal Critic for Natural Resources

Green Party of Canada
Dr. David Robinson, Natural Resources Critic for the Green Party of Canada and candidate for Sudbury, and Bruce Hyer, Deputy Leader of the Green Party of Canada and candidate for Thunder Bay – Superior North

"We are proud of the fact that the natural resources sector is the largest private employer of First Nations people in Canada."

— HON. GREG RICKFORD CONSERVATIVE

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S-IMEW 2016: THE NEXT WAVE OF TALENT STARTS HERE

As S-IMEW approaches its 10th anniversary, the workshop has become a can't-miss event for shaping the next generation of talent for the minerals and mining sector.

BY KATHLEEN NAPIER

PREVIOUS PAGE: S-IMEW 2015 Underground tour at Agnico Eagle's LaRonde Division, Abitibi, Québec. Mining and geology talks in refuge on Level 170 (1.7 km depth). **LEFT:** Lianna Vice (Carleton University) looks at core samples in Agnico Eagle's LaRonde core shed. **FAR LEFT:** Allan Lion (University of Ottawa) and Chris Voisey (Memorial University of Newfoundland) have some laughs during a lunch break at Onaping Falls.

Geosciences students from across Canada made the annual pilgrimage to Sudbury, Ontario this past May for the Prospectors & Developer's Association of Canada's (PDAC) 9th annual Student-Industry Mineral Exploration Workshop (S-IMEW). As the program approaches its 10th anniversary, an amazing 225 post-graduate students have attended the two-week workshop held in northeastern Ontario and western Quebec since its inception in 2007.

"S-IMEW is an outstanding experience that teaches students the business side of the mineral industry, as well as many other traditional topics such as field techniques and data analyses, which aren't covered in classes at most universities," says Christopher Voisey, a S-IMEW 2015 participant from Memorial University of Newfoundland (MUN) who was one of 26 post-secondary students from across the country who attended S-IMEW this past spring.

The two-week workshop provides students with a well-rounded overview of the industry, dividing time between lectures, field exercises, site visits and networking opportunities with industry professionals to help them lay the foundation for a successful career in the mineral exploration industry.

This year, students participated in lectures, presentations, and hands-on sessions that were focused on exploration and mapping techniques, mineral deposits, geophysics, geochemistry, regulatory requirements, health and safety, corporate social responsibility, and more..

The group took a four-day field trip during the second week of the workshop to the Abitibi Greenstone Belt, which included a visit to a junior exploration company in Val d'Or, a tour of the LaRonde gold mine at 1.7 km underground, and a tour of the historic Noranda camp in Quebec.

"I have seen student awareness and knowledge of the mineral exploration and mining industry increase with every workshop," says Felix Lee, co-chair of the S-IMEW planning committee. "We've had to continually improve the workshop to keep pace with the students. It's actually been quite liberating. It has allowed us to expand the scope of the workshop by introducing new material and delving deeper into a particular subject."

Many S-IMEW students are drawn to geology in university from a life-long love of the outdoors, in addition to an interest in rocks and minerals from an early age. "As long as I can remember, I have had a rock collection. I sort of stumbled into [geology]," says Melissa Friend, a S-IMEW 2015 participant from the University of British Columbia (UBC). "I decided to take some earth science courses in the first year of my undergrad and it was then that I knew geosciences would be a great fit."

S-IMEW is designed to give students considering a career in mineral exploration and mining a first-hand look at the industry, and the opportunity to participate in workshops on topics that are not normally covered in geology and geosciences programs taught in universities and colleges across Canada. The program provides students with an overview on the financial and regulatory aspects of the industry, the environment, social licence to operate, and of course technical aspects such as diamond drilling, core logging, grid and traverse mapping.

"The geology courses I took at UBC taught me the scientific and geological concepts fundamental to mineral exploration. However, they didn't teach how to apply those concepts to the industry," continues Friend. "Aspects of the industry that are often overlooked [at university] were included at S-IMEW. The example that comes to mind is the economics of the mineral exploration industry; I learned a lot of interesting things about economics at S-IMEW, as it is only briefly touched on in school."

According to Felix Lee, Canada's mineral exploration and mining industry is looking to S-IMEW graduates as future industry leaders. "S-IMEW will produce young Canadian geoscientists that are much more aware of their career options and the lifestyle demands that will be placed on them, which is important if our industry is to successfully both attract and retain this talent," he says.

S-IMEW's network extends beyond program alumni and the organizing committee. It also includes over 70 sponsors and volunteers that organizers depend on to help execute the workshop's programming. The continued success of the two-week workshop relies heavily on support from industry, government and academia, both in terms of financial support as well as in-kind volunteer support.

One of S-IMEW's major sponsors is the Ontario Ministry of Northern Development and Mines, which provides both in-kind and financial support to the program. Staff members from the Ontario Geological Survey (OGS) participate in the workshop's Government Mapping Day and the Geochemistry Days by teaching the students technical mapping and Geochemistry skills.

"S-IMEW is a great initiative and attracts students into the mining industry. There is no other workshop like it in Canada," says Sean MacLean, Trade, Investment and Marketing, Northern Development Division, Ministry of Northern Development and Mines. "It benefits the students by exposing them to the different types of careers available

in the mining industry. It also gives them a first-hand look at what is involved and what the job might entail which in turn will help them make a decision on what career path to follow."

Golden Valley Mines is another major sponsor of S-IMEW. The company hosts the students during the Val-d'Or leg of the field trip, including a networking evening for students to meet local industry and government stakeholders. "The evenings activities offer the opportunity for the students to meet others from similar and diverse circumstances, but also liaise with industry professionals," says Glenn Mullan, Chairman of the Board, President, and Chief Executive Officer, Golden Valley Mines Ltd. "We like to be identified with S-IMEW because this is a program with practical access to exploration methods and strategies, honourable ethics and industry best practices."

While Christopher Voisey advises those interested in a geosciences career to "put their all into it and to pursue it because they love it," Melissa Friend points to field experience as the competitive advantage needed for those looking to get ahead in the mineral and exploration industry. "Whether it is through summer work, internships or volunteering to be a field assistant for a graduate student, developing field skills and learning how to make maps is crucial to a successful career in mineral exploration," notes Friend.

But the work is just starting. Felix Lee is hoping to expand the work of S-IMEW and bring hands-on workshops like it to areas across Canada because he believes that "additional workshops would serve to increase the number of students we ultimately reach, and improve the variety of presentations as well as overall industry and government involvement."

When S-IMEW was created nearly a decade ago, it was done so with the goal of offering students an opportunity to gain valuable field experience and turn their theoretical knowledge into practical experience. As it turns out, such skills are not only beneficial to students trying to start a career, but also to companies looking to expand their workforces with students who might one day become industry leaders and ensure that Canada's minerals and mining sector flourishes in the years and decades ahead. c

Kathleen Napier is the PDAC's Coordinator of Public Relations & Social Media.

WHAT I LEARNED AT S-IMEW 2015

MELISSA FRIEND, UNIVERSITY OF BRITISH COLUMBIA

- The geology courses I took at UBC taught me the scientific and geological concepts fundamental to mineral exploration, however they didn't teach how to apply those concepts to the industry. S-IMEW was the key to linking my studies with my career pursuits.
- I feel like I got more out of the workshop because we weren't sitting in a classroom the whole time. We were out in the field applying fundamental skills that we had learned in school, as well as obtaining new ones.
- As a hands-on learner, the skills and concepts that I obtained at S-IMEW won't fade due in a large part to the tactile nature of the workshop.
- The exposure to the industry with respect to industry events and unique opportunities to visit working operations and world-class mineral deposits during S-IMEW was extremely valuable.
- S-IMEW reaffirmed many of the skills I learned in school, and pointed out potential areas for growth and specialization that will be helpful in deciding my future career path.

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Sudbury Integrated Nickel Operations
Vale Canada Ltd.
Wallbridge Mining Company Ltd.
Yorbeau Resources Inc.

Downturn in Mineral Financing:

A Mid-year Review

BY SAMAD UDDIN

The exploration sector continues to face a challenging capital raising environment with no signs of a turnaround. As of June 2015, 30% (or almost $4 billion) of TSXV market capitalization in mining was wiped off the market compared to the same period in the previous year. The senior exchange, the TSX, fared only marginally better—market capitalization in mining fell by 18%, but by a larger amount, or $48 billion. While total financing on Canadian exchanges (TSX, TSXV and CSE) fell by 27% for metals and mining issuers, exploration financing fell by 33%, which has also seen more dramatic declines in previous periods. Mining finance has been on a steep decline since reaching its peak in 2010 and may not yet have bottomed out.

In addition to a sharp drop in financing activity, the number of listings continues to decrease (see Figure 1). Of the 128 drop in listings on the TSXV between January to June 2015, 93 were from the mining sector.

The outlook for the remainder of the year is bleak, as metal prices are expected to remain flat, according to SNL Metals & Mining. Any support for commodity prices, which impacts investor interest in the exploration sectors, is clouded by weak growth prospects for major commodity consuming economies such as the emerging and developing economies. The IMF expects these economies to struggle at 4.2% this year, whereas in the past they grew by over 6% annually, which fueled demand for raw materials. A case in point is China, a major importer of commodities whose growth is well below historical averages. On the bright side, the weaker Canadian dollar (relative to the U.S. dollar) is helping to improve margins for Canadian producers as most commodities are priced in U.S. dollars. However, it is yet to be seen if this will in turn improve exploration financing.

HOW TO SURVIVE?

As these statistics show, the junior mining industry in Canada is currently suffering one of the worst downturns in history. Companies conducting grassroots (early-stage) exploration are finding it particularly challenging to attract investments. This is why PDAC is advocating for governments to enhance fiscal incentives for mineral exploration in order to sustain capital flows so that companies can continue to find the next generation of mines. One key incentive is the federal Mineral Exploration Tax Credit (METC), which combines with the flow-through shares system to create "super flow-through financing."

A key way to cope with this difficult financing environment is for exploration companies to issue flow-through shares that provide a life-line to many companies. PDAC analysis of exploration financing data has shown that flow-through financing makes up a larger share of overall financing during downturns. In other words, as overall financing levels for exploration fell, the proportion of financings using flow-through shares went up. Given its documented effectiveness as a counter-cyclical financing incentive, PDAC is calling for the federal government to double the METC for a period of three years to re-ignite investor interest in this nation building industry.

RECENT FLOW-THROUGH SUCCESSES

Companies have used flow-through financing to achieve significant exploration success, discovering a variety of deposit types across Canada. For example, many of the projects featured on Natural Resources Canada's Map of the Top 100 exploration and deposit appraisal projects of 2014 used flow-through financings over the last twelve months, including:

- Fission Uranium Corp., is developing the Patterson Lake South Uranium Project in Saskatchewan, where the Triple R deposit was discovered in 2012. This deposit is said to be the largest undeveloped deposit in the Athabasca Basin with an indicated resource of 79.6 million pounds, including 44.3 million pounds indicated at 18.2% U3O8 and a large inferred resource. Ross McElroy, the current President and COO, received the PDAC's Bill Dennis Award in recognition of the discovery. Fission Uranium recently entered into an agreement to combine its business with Denison Mines Corp.

- Peregrine Diamonds Ltd. is currently conducting a resource development program at its Chidliak Diamond Project in Nunavut. The exploration is designed to increase the inferred mineral resource of 8.6 million carats of diamonds contained in 3.3 million tonnes of the CH-6 kimberlite and to confirm diamond resources in other kimberlites. The project is located 120 km from Iqaluit, the capital of Nunavut, where it first discovered kimberlite in 2008. In 2016, Peregrine expects to initiate a Preliminary Economic Assessment of the Project.

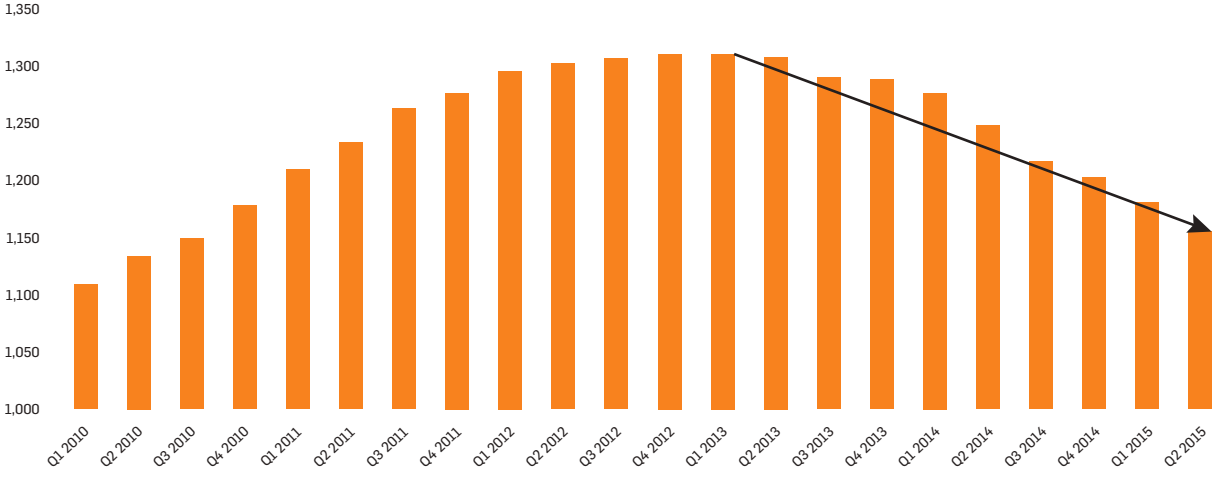
- Pure Gold Mining Inc. intersected high grade gold zones at its Madsen Gold Project near Red Lake, Ontario, during its 2014 and 2015 exploration programs. The Madsen project has mining infrastructure from past producers and a significant indicated mineral resource of 928,000 ounces gold in 3.2 million tonnes grading 8.9 grams/tonne, and an inferred mineral resource of 297,000 ounces gold in 0.8 million tonnes grading 11.7 grams/tonne. The Madsen Project is said to be one of the highest grade undeveloped gold deposits in North America. The mineral resource reported, is based on current and historical data and only considers gold mineralization accessible from the historic Madsen Mine underground workings.

- Seabridge Gold Inc. found a new deposit in 2013 at the KSM Copper-Gold Project in northern B.C. This new deposit, the Deep Kerr, has the highest metal values discovered at KSM to date. The Kerr deposit is said to be one of the largest undeveloped gold projects in the world with proven and probable reserves totalling 38.2 million ounces of gold and 9.9 billion pounds of copper. An initial resource estimate for Deep Kerr released in early 2014 confirmed an inferred resource of 515 million tonnes grading 0.53% copper and 0.36 g/T gold (6.1 billion pounds of copper and 5.9 million ounces of gold).

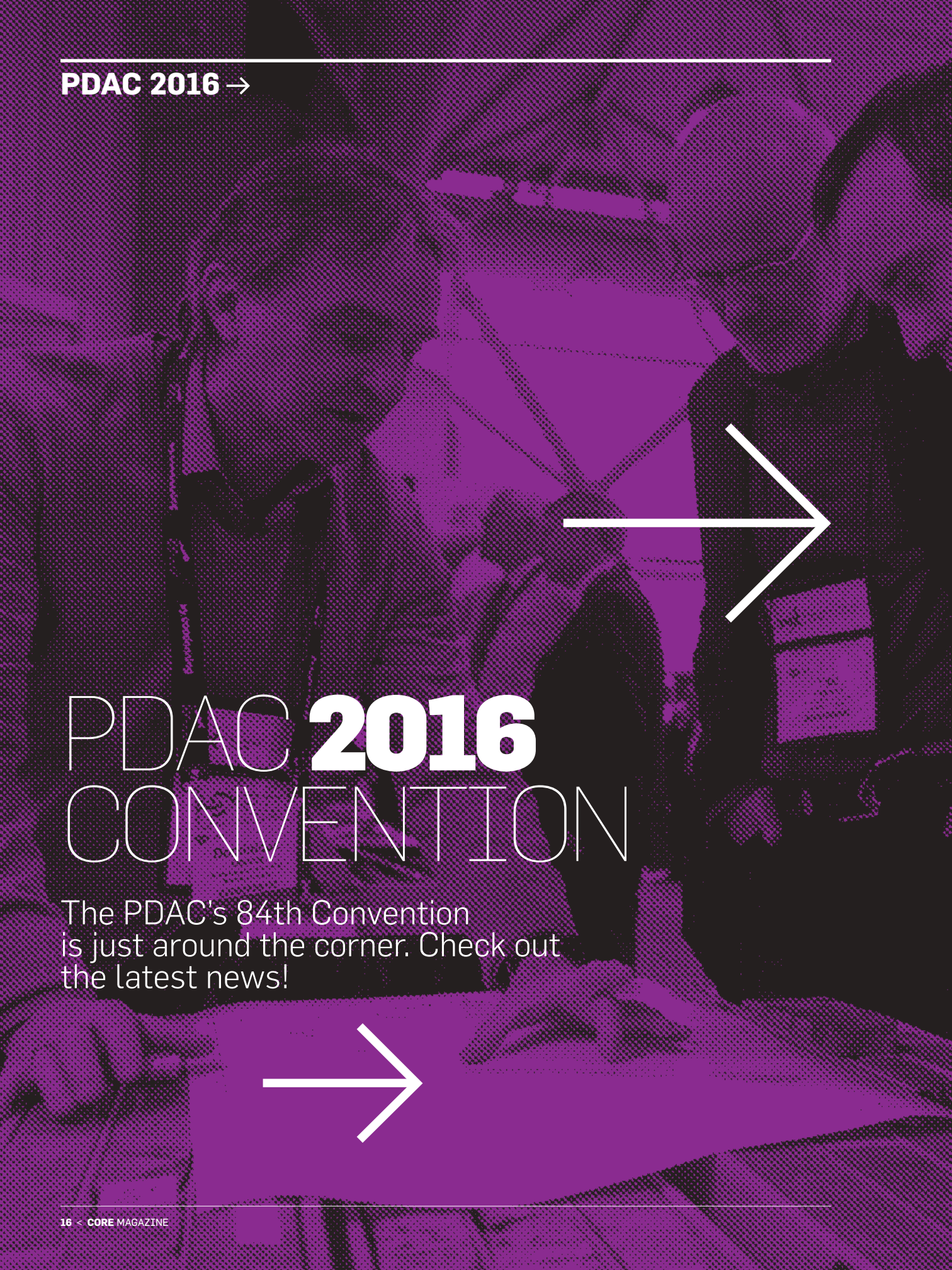
- Avalon Rare Metals Inc.'s Nechalacho Rare Earth Elements Project in the Northwest Territories is an advanced stage project with a completed feasibility study, an approved environmental assessment and a refining solution in place. The Nechalacho Project is positioned to bring a new supply of critical rare earth materials to the marketplace. Exploration work included a bulk sampling program of the basal zone material in 2014. **c**

Samad Uddin is the PDAC's Director of Capital Markets.

Figure 1: TSXV Number of Mining Companies



Source: TMX Group



PDAC **2016** CONVENTION

The PDAC's 84th Convention is just around the corner. Check out the latest news!

FREE ACCESS TO TRADE SHOW NORTH

All pass types welcome, including the complimentary Investors & Select Presentations Pass.

EXHIBIT OPPORTUNITIES

Trade Show & Investors Exchange

New Exhibitor application forms are now available. Once priority renewal assignments have been completed, all un-renewed booth spaces will be offered to New Exhibitors on a first-come, first-served basis.

Investors Exchange

The Investors Exchange is a great opportunity for junior exploration companies, major mining companies, mid-sized producers, prospectors, oil and gas companies, stock exchanges, financial institutions and financial divisions, within mining service companies, to come face-to-face with individual investors and seek out new business opportunities.

Trade Show & Trade Show North

See 500 exhibitors promoting the latest technologies, products, services and mining jurisdictions worldwide.

Core Shack

The Core Shack, sponsored by Barrick Gold Corporation, will be located in the Investors Exchange for PDAC 2016.

PDAC's Core Shack has long been a highlight of the annual convention. The Core Shack provides a venue for drill stage projects, that are generating exciting new results, to display their core samples and discuss the results with interested attendees.

Demand is high for these complimentary two-day booths. The deadline to apply is Friday, November 13.

Prospectors Tent

Located in the Investors Exchange, the Prospectors Tent is a great opportunity for self-employed or independent prospectors to display their maps, samples and claim results.

Applications will be available in the Fall and are processed on a first-come, first-served basis.

Mining Marketplace

For the second year, Trade Show eligible companies may apply to exhibit in a Feature Area in the Investors Exchange. Mining Marketplace booths are one-year-only booths. Exhibitors will not retain priority renewal over these booth spaces for PDAC 2017.

The Mining Marketplace application form is now available. Mining Marketplace booths will be offered on a first-come, first-served basis.

EXHIBIT HOURS – NEW!

Sunday, March 6	9:00 am - 5:00 pm
Monday, March 7	9:00 am - 5:00 pm
Tuesday, March 8	9:00 am - 5:00 pm
Wednesday, March 9	9:00 am - 12 noon

PRESENTATION OPPORTUNITIES

Presentation & Reception Rooms

Presentation Rooms are a great way to launch a product, present a workshop, meet clients and prospects and/or make a presentation about your mining jurisdiction or country. Presentation Rooms can accommodate up to 180 people and are available for half- and full-day rentals.

Reception Rooms are ideal for small receptions of 50 to 100 people and can be rented in two-hour slots.

All Presentation & Reception Rooms are located in the North Building of the Metro Toronto Convention Centre (MTCC) and will be available for rent from March 6 to 9, 2016.

Presentation & Reception Room application forms are now available. Applications are processed on a first-come, first-served basis. Rental fees include several benefits to enhance your organization's visibility.

SPONSORSHIP OPPORTUNITIES

Building Your Brand at Convention

If your goal is to enhance your organization's image as an industry leader, reach your target market, differentiate your company from its competitors, or showcase your organization to key investors, then the PDAC Global Sponsorship & Marketing Program is for you.

Our comprehensive programs are designed to enhance your corporate profile through diverse pre-convention, onsite and post-convention marketing initiatives.

For more information about sponsorship, or for a customized sponsorship package to meet your marketing objectives at PDAC 2016, contact Christina Goncalves Toste at **sponsor@pdac.ca**.

FEATURED SPONSORSHIP OPPORTUNITIES FOR 2016

Awards Evening Receptions

The PDAC Awards Evening is a highly anticipated, prestigious event that attracts approximately 700 guests and honours the success, excellence and contributions made to the global mineral industry. Be front and centre as the sponsor of the Awards Evening Networking Receptions at this special industry event. Your company will have exceptional event exposure and logo recognition during the ceremony, logo recognition on custom drink tickets, a corporate table, event signage, as well as logo recognition onsite at the convention centre and in convention marketing materials.

Trade Show Reception

Located in Trade Show North, the Trade Show Reception on Monday, March 7 is a significant PDAC networking opportunity for attendees and exhibitors to meet informally on the show floor and discuss business objectives. All Access Pass holders and Trade Show Day Pass holders will be treated to a complimentary drink ticket courtesy of the sponsoring company. This is an exclusive opportunity to partner with PDAC in welcoming global attendees to the industry's largest convention and to promote your company at PDAC 2016.

Advertising in the Convention Program

Take advantage of this limited opportunity to reach local and international attendees with an advertisement in the official convention program. Market your company at PDAC 2016 through a ¼ page, 4-colour advertisement distributed on site to over 23,000 attendees.

For more information contact Christina Goncalves Toste at **sponsor@pdac.ca**.

PROGRAMMING

Technical Program Themes

Hear industry experts share timely insights during this dynamic series of presentations. Attendees will learn next and best practices that can be utilized right away. Themes include:

- China: Outbound investments – the mining finance alternative
- Coal
- Commodities and market outlook
- Diamonds
- Energy strategies and efficiencies: What is the right mix for your project?
- Feasibility study versus reality
- Geophysics
- Keynote session: The future of exploration and development in 2026
- Nevada gold deposits
- New discoveries and developments
- Porphyry copper-gold
- Securities
- Specialty metals and industrial minerals
- Treasures of the Western and Central Tethys
- Uranium
- Water
- What mining analysts think about your company?
- Zinc

SOCIAL EVENTS

Welcome Reception Sunday, March 6

PDAC welcomes you to the convention with a complimentary drink and light refreshments. This is the largest networking event at the convention, and will once again take place on the Trade Show North floor.

Mineral Outlook Luncheon Monday, March 7

Join us for a sit-down luncheon with guest speaker Don Coxe, Chairman, Coxe Advisors LLC. Don will share his perspective on the economy within a Canadian and global context including future scenarios in mineral exploration financing.

Tickets: $80 each, HST included

Trade Show Reception Monday, March 7

Enjoy a glass of wine or beer as you network with attendees and Trade Show North exhibitors from international and domestic companies and organizations promoting technology, products, services and mining jurisdictions.

PDAC Awards Evening Monday, March 7
Outstanding achievements are honoured at the prestigious Awards Evening where individuals and organizations are acknowledged for their significant contributions to the Canadian mineral industry.

This hallmark event begins with a hosted reception, followed by a delectable three-course dinner, fine wine and live jazz music. A specialty Coffee and Liqueur Reception following the Awards presentations provides an excellent opportunity for networking.

Ticket price: $125 each, HST included
Table of 10: $1,125 HST included
Buy a table of 10 and SAVE $125!

Panel Luncheon Tuesday, March 8
Join moderator, Raymond Goldie, Senior Mining Analyst; Vice President, Commodity Economics at Salman Partners Inc. for a sit-down luncheon and lively panel discussion. Raymond and the team of panelists will explore "What will fuel the next bull market in mined commodities?"

Panelists include:
- Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors
- Gianni Kovacevic, Executive Chairman, CopperBank, and author of *My Electrician Drives a Porsche?*
- John C. Tumazos, CFA, John Tumazos Very Independent Research, LLC

Tickets: $80 each, HST included

Closing Party: Prom Night Wednesday, March 9
Dust off your cummerbunds, bowties and taffeta dresses and tease up your hair for a prom night throwback! Feel the nostalgia as you twist, jive, do the electric slide, all while dressed in your finest prom duds from your favourite year.

Find the perfect item at the Silent Auction and enjoy the delectable decade-themed dinner. Dream big in the Casino and capture the memory of this special evening in our Photo Booth.

And, to crown the night off, we'll award cash prizes for the best dressed Prom King and Queen!

Ticket price: $125 each, HST included
Table of 10: $1,125 HST included
Buy a table of 10 and SAVE $125!

For more information: **www.pdac.ca/convention**
convention@pdac.ca

International Convention, Trade Show & Investors Exchange

March 6 - 9
Metro Toronto Convention Centre
Toronto, Canada

Registration begins December 2015
www.pdac.ca/convention

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CLARITY GOING FORWARD

In implementing rules surrounding company payments, the Government of Canada is playing a pivotal role in supporting responsible mineral exploration and development around the world.

BY NADIM KARA

1 billion (Kazakhstan, 1996). $8 billion (Angola, 1996-2004). $400 billion (Nigeria, 1960-2015). These are just a few examples of the "missing billions," revenues from oil and mineral wealth in developing countries that have enriched the few instead of underpinning sustainable development for the many. If managed transparently, these funds could have been used instead to reduce poverty and improve quality of life for hundreds of millions of people.

In 2012, Canada's two national mineral industry associations, the Prospectors & Developers Association of Canada (PDAC) and the Mining Association of Canada (MAC), joined forces with civil society organizations to call for a partial solution to this issue—the adoption, by the Government of Canada, of legislation that makes it mandatory for Canadian extractive sector companies to report certain payments made to governments. These efforts, along with pressure from other G7 countries, bore fruit at the June 2013 G8 Leaders Summit, where Canadian Prime Minister Stephen Harper made a commitment that Canada would contribute to global efforts to deter corruption by increasing transparency in the extractive sector. Following this commitment, the Government of Canada enacted the Extractive Sector Transparency Measures Act (ESTMA) that came into force on June 1, 2015.

Canada joins other G7 countries such as the United Kingdom and the United States in passing this legislation, which applies to businesses engaged in the commercial development of oil, gas, or minerals (e.g., exploration or extraction activities). The legislation is to be adopted by companies that are either listed on a stock exchange in Canada or doing business in Canada, and that meet two of three size-related criteria in one of their two most recent financial years: (1) at least $20 million in assets, (2) $40 million in revenue, (3) employs an average of 250 employees.

The Act requires reporting entities to report annually on specific payments (e.g., taxes, fees, royalties, production entitlements, bonuses, dividends, infrastructure improvement payments) of $100,000 or more made to any level of government in Canada and abroad. This includes payments made by industry to Aboriginal or indigenous governments.

Reporting entities will be required to submit reports for each of their financial years that begin after June 1, 2015. The reports must also be made publicly accessible by the reporting entity. The Act includes a two-year deferral (to June 1, 2017) of the obligation to report payments made to Aboriginal governments in Canada.

The Act is an important complement to another partial solution to the issue of corruption, the Extractive Industries Transparency Initiative (EITI). Companies that operate in countries that have voluntarily chosen to participate in the EITI are obligated to report all payments made to those governments. Participating governments also publish what they receive from the companies operating in their jurisdictions, and an independent audit is done to reconcile these figures. Although 39 countries are now participating in the EITI, one of its shortcomings is that it relies on countries to voluntarily participate. ESTMA, and similar legislation in other countries, helps to fill this gap.

During the first half of 2015, PDAC participated in a multi-stakeholder advisory group established by Natural Resources Canada (NRCan) to advise on the development of guidance documents related to implementing the ESTMA. PDAC was represented by myself and Lesley Williams, Manager of Aboriginal Affairs, along with representatives Robin Luke Webster of Goldeye Exploration and Ben Pullinger of Roxgold, who work for two mineral exploration companies.

The guidance documents were released by NRCan for public comment on August 12, 2015. PDAC will work in partnership with NRCan to educate the Canadian mineral industry about ESTMA and to ensure members are well-positioned to comply with the legislation.

While they are important tools in global efforts to support responsible mining, ESTMA and EITI are only part of the solution. Corrupt individuals will continue to adapt and find ways to enrich themselves. The $1.36 billion that was diverted away from public coffers in the Democratic Republic of the Congo (2010-2012), or the $2.5 billion lost to the citizens of Guinea in 2012 might not have been prevented by either ESTMA or EITI. Constant vigilance on the part of the minerals industry is still required to ensure that mineral wealth benefits the many, not just the few. **c**

Facts and figures taken from the BBC, Global Witness and Mineweb.

Nadim Kara is the PDAC's Senior Program Director.

The Duty to Consult: A continuing conundrum

BY LESLEY WILLIAMS

When the *Haida Nation v. British Columbia* decision was handed down by the Supreme Court of Canada (SCC) in 2004, there was widespread uncertainty about what it was and how it would impact mineral development, much like with the *Tsilhqot'in* decision last summer. It wasn't exactly clear what it would mean for mineral projects and proponents in this country.

In *Haida*, the SCC ruled that the Crown must consult with and, if appropriate, accommodate Aboriginal communities when contemplating decisions that might potentially adversely affect Aboriginal and treaty rights as recognized by section 35 of the *Constitution Act, 1982*. A number of subsequent court cases over the years further elaborated on the principles of the duty to consult.

The duty to consult offers some protection for Aboriginal and treaty rights in that it requires a process of information exchange that focuses on the specific nature of the proposed decision and activity that could impact rights, including decisions related to permitting for resource development. There are some central tenets of the duty, including that the Crown must act honourably and in good faith, and that consultation is a meaningful exchange of information with the opportunity for that information to be incorporated into Crown conduct. The nature of consultation is to be proportionate, falling along a spectrum—from notification to deeper consultation—depending on the strength of the claim to the rights in question and the extent to which the proposed Crown conduct might adversely affect those rights. The duty to consult does not require agreement between the parties, nor does it confer a right to veto; rather, it is a commitment to a reciprocal process of consultation. While the duty to consult is the duty of the Crown, courts have confirmed that the Crown may delegate "procedural aspects" of consultation to third party proponents.

More than a decade later, it is clear that the duty to consult was not the beginning of the end of the minerals industry. It is difficult to disagree with the notion of having to consult with Aboriginal communities on decisions that could adversely affect constitutional rights. In fact, some mineral industry proponents had already been engaging with Aboriginal communities prior to the *Haida* decision, and many companies currently engage in best/leading practices, independent from the official consultation process, to build mutually prosperous relationships and achieve a social license for projects.

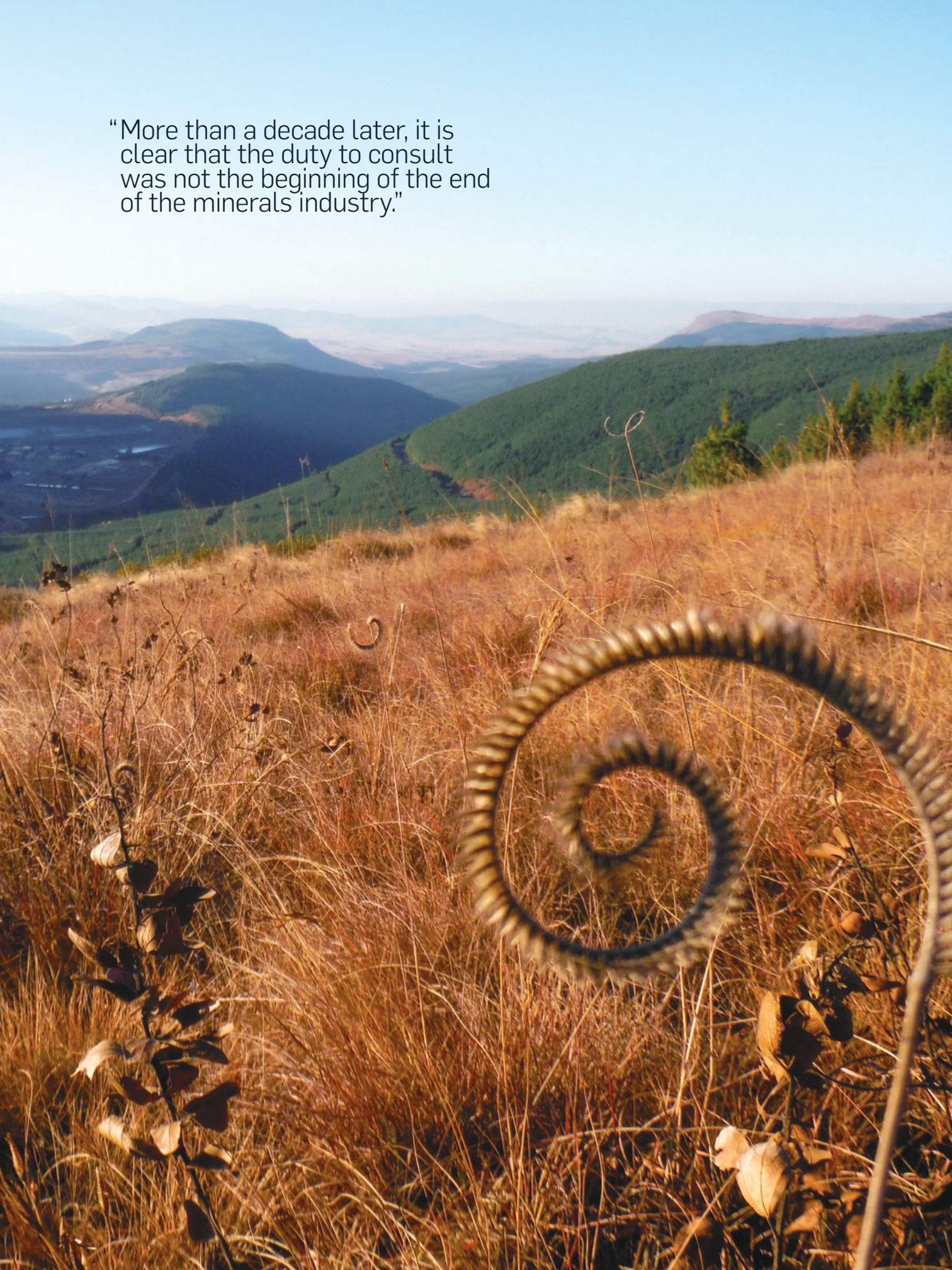
Mineral companies have identified a number of challenges regarding efforts by governments to delineate and apply legal obligations regarding the duty to consult. Such challenges have resulted from the patchwork of consultation policies, regulations and guidelines for consultation, and their inconsistent application across Canadian jurisdictions. Ambiguity, unpredictability and discrepancies between Crown consultation policies/guidelines, and consultation in practice, generate issues that negatively impact project timelines, costs and relationships between companies and Aboriginal communities. Some common areas of concern related to Crown consultation processes across Canada include: the determination of the trigger, scope and nature of consultation; the ways in which communities are identified as potentially impacted; clarifying the roles of the parties; responsibility for the costs of consultation; adhering to timelines for consultation and decision making; consultation adequacy assessment; and, the blurring of accommodation measures linked to rights and company-community agreements.

As part of a multi-year project, the PDAC is examining the different consultation policies and guidelines across Canada and reaching out to regional associations and members from each jurisdiction to identify and compare unique challenges of each consultation regime. The intent is to gather practical examples of how the duty to consult is impacting mineral exploration across Canada, in order to support regional associations to advocate for improvements to how their respective jurisdictions handle their constitutional obligations. c

Lesley Williams is the PDAC's Manager of Aboriginal Affairs & Resource Development.

As we continue to better identify and understand the challenges proponents encounter in relation to the Crown's duty to consult, we encourage mineral companies to continue their efforts, often separate from and beyond this legal framework, to engage Aboriginal communities and build trusting relationships, resulting in mutual prosperity. For additional guidance, visit www.pdac.ca/e3Plus to view PDAC's new community engagement guide for explorers.

"More than a decade later, it is clear that the duty to consult was not the beginning of the end of the minerals industry."



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